

# Powys County Council

Internal Audit Update Quarter 3 Report 2020/21

For Audit Committee 11<sup>th</sup> February 2021

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**Internal Audit’s response to the pandemic has been to support Management in the delivery of critical services. This has required deviation from established plans and traditional audit delivery.**

**The risk-based coverage in the original audit plan allowed the Head of Internal Audit to form an opinion on the overall control environment. The inability of the Council to engage with Internal Audit throughout the pandemic has significantly reduced the work programme. Therefore, the level of assurance that can be provided decreases as the work programme reduces.**

**It is the intention to use other forms of assurance, but it is likely that any Annual Opinion will be associated with some form of limitation.**



## Role of Internal Audit

The Internal Audit Service for Powys County Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the Partnership is also guided by the ‘Internal Audit Charter’ that was approved in May 2019.

Internal Audit provides an independent and objective opinion on the Authority’s control environment by evaluating its effectiveness. Primarily the work is driven by the risks the Council faces of not delivering front line and supporting services to achieve the objectives outlined in “Vision 2025”.



## Revised Planning Arrangements, Audit Opinions and Delivery

Since the last update, Wales has had a further period of full lockdown. This third period of lockdown has heavily impacted on the delivery of the Internal Audit Plan presented to previous meetings.

### Audit Opinions and Delivery

CIPFA has recently issued guidance around providing annual opinions where there is limitation of scope from the impact of Covid-19 upon delivery of planned audits. An example given is where assurance is insufficient due to significant engagements set out in the plan that the audit service could not complete. Given the resource impact of Covid-19 on front-line services and the Council’s decision to prioritise critical services, there has been a significant impact on the ability to undertake audit work and therefore a likelihood that any annual opinion may be associated with some limitations.

This is the third quarterly update for 2020/21 and reviews completed have highlighted that whilst generally risks are well managed, we have identified some gaps, weaknesses, and areas of non-compliance. However, we have reasonable levels of confidence that the agreed actions will be implemented and thus strengthen internal control. There has been more advisory and grant related work this year, the pandemic being the most significant reason for

## Work Plan - Update

**We keep our audit plans under regular review to ensure that we audit the right things at the right time.**

**The Council has reduced the Internal Audit plan by 10% days for 20/21 as reported to the previous Audit Committee.**

**Regular meetings with the Council's SLT and other External Regulators identify potentially high-risk areas for inclusion in the forward work programme. It also helps build a wider risk profile and helps co-ordinate activities which avoids duplication and wasted resources.**

this. Outcomes from Internal Audit work not attracting an opinion level (e.g. follow up, grant work, advisory etc) will be appropriately reflected in the annual opinion.

Since our last report in November 2020, we have issued one Partial/Limited opinion (**See Appendix C**) with no other areas being classified as a significant risk. Senior Management are now increasingly directing internal audit to areas of likely risk, or known issues, which is a positive. This will naturally result in an increased number of Limited assurance opinions.

**Appendix B** contains the workplan agreed in March 2020 with status updates.

### **Audit Planning and Risk**

A revised approach to work planning will present an annual internal audit plan to the Senior Leadership Team in March 2021 and the Audit and Governance Committee in May 2021 for endorsement. The last 10 months has been dominated by the impact of the COVID-19 pandemic and a lot has changed. COVID19 has also been a catalyst for change within SWAP and as such, an updated approach to internal audit work and planning has had to be implemented resulting in changes to the current annual plan. Building on the enforced changes in 2020-21, SWAP is proposing to move to quarterly planning for 2021-22 implementing a more flexible and agile approach to audit planning which is also recognised as best practice by the internal audit profession. Rather than periodically presenting the committee with a static plan and proposed changes, we are looking to provide Senior Management and Members with an improved real-time plan that can adapt to emerging risks and issues. A quarterly planning process will provide the same assurances as an annual plan, but should better reflect the changing risk landscape. SWAP will undertake a risk assessment and present a plan for each quarter to the Audit Committee. Audit planning meetings will be held with relevant officers and each quarter plan agreed with the Chief Finance Officer and Powys SLT prior to presenting to this Committee. It is inevitable that the focus of the first quarter plan will be to revisit the auditable activities deferred from the 2020-21 plan as well as considering any key risk areas discussed with management.

**Appendix A** contains and assessment of emerging risk from the wider UK context

The recommendation tracker can be used to gain an oversight of the delivery position, but all allow users to drill down into the details to gain assurance at the more granular level if required.

The tracker is based on self-assessment rather than independent verification. Therefore, a role still remains for the Internal Audit working Group and follow-up audits on the areas of highest risk.

### Recommendation Tracking

Internal Audit have implemented a robust system of tracking the delivery of agreed actions. The tracker will be able to allow all stakeholders to gain assurance that key risks are being addressed and actions are being implemented.

The follow tables reflect the status of recommendations in Powys as at 1<sup>st</sup> February 2021:

Implementation Status	Complete	On-going	Outstanding	Not Agreed	Total
No of Agreed actions	62	67	17	3	149

(Note from 1<sup>st</sup> April 2019 to 1<sup>st</sup> Feb 2021)

Priority Status	Priority 1	Priority 2	Priority 3	Total
No of Agreed actions	32	82	35	149

(Note from 1<sup>st</sup> April 2019 to 1<sup>st</sup> Feb 2021)

A moderated review by the Head of Internal Audit on the outstanding recommendations has identified that there are no critical outstanding Priority 1 recommendations. This gives the Audit Committee assurance that the Council is effectively addressing the most important risks identified in internal Audit reports.

# Work Plan - Update

## Risk Profile Appendix A

The risk profile of all Council's is rapidly changing given the impact of the pandemic in terms of immediate responses and in the longer-term consequences of those responses. The Internal Auditors are adding value by informing the Audit Committee of any risks that may be on the horizon to allow them to be prepared to mitigate risks.

These risks have been identified in the wider context of the Internal audit profession in the UK.

Risk Theme	Risk Theme Buzz words	Audit Suggestions
<p><b>1</b></p> <p>Planning, Housing, Environment and the Local Economy</p>	<p>Planning affordable housing</p>	<p><i>Local plans for new homes</i>  <i>Capital budgeting</i>  <i>Contract management</i>  <i>New homes bonus scheme</i>  <i>New starter homes and registers for self-builds</i>  <i>Planning control</i>                      Housebuilding to aid local recovery (see RIBA report)                      Enforced sales to aid homelessness                      Insourcing of Housing Stock (e.g. Kent)                      Changed regulations on space standards in new homes                      Planning Policy Changes (Planning for the Future White Paper)                      Impact of Neighbourhood planning (MHCLG paper) and challenges by contractors.                      Changes to the Community Infrastructure Levy                      Permitted development rights and use class changes v the impact on democracy                      Housing Land Supply</p>

## Work Plan - Update

		<p><u>Local Economy</u> local economy impacted by national macroeconomic factors, Rising Unemployment decline of the high street transport broadband</p>	<p><i>The impact of the increase in unemployment in the 16 to 24 age group, should be considered when completing youth services type audits.</i> Investment in Town Centre Properties to safeguard the local economy Gov Funding for Local Towns to boost economy (Is it a local Town?) Broadband funding and delivery of projects Financial support for local bus operators over the pandemic (and recent NAO report on local authority support for public transport) Funding for local transport schemes - any local awards? Economic Master Plans for local economy/ Local regeneration plans/ local economy resilience</p>
		<p><u>Environment</u> environment sustainability climate change</p>	<p><i>Air Pollution waste and Recycling Electric Charging Points Recycling</i> <i>Furthermore, environmental issues should be considered generally. For instance, any building or planning enforcement audits, should consider whether required environmental requirements being met are checked as would any audits of the Councils housing stock or new builds.</i> <i>As environmental legislation, scheme and initiatives are still evolving, this is an area to keep under review</i> Neighbourhood consultation is required on low traffics and green space schemes Street Lighting Investment Pedestrianisation of streets (Islington residents seek judicial review) Environmental prioritisation and zero carbon targets (Following Gov 10 point Plan) Green Homes Grant available to apply for now Changes to the HRA account</p>

## Work Plan - Update

2	Governance and Reorganisation	Reorganisation, Governance - focus on decision making structures, corporate culture and general regulatory compliance	<p>Compliance with Local Government and Election Act (Wales) – Audit Committee Structure and governance models</p> <p>Political uncertainty, coming elections, great scrutiny on open and transparent decision making</p> <p>Effectiveness of Overview and Scrutiny Committees (follow up report by DCLG)</p> <p>Complaint Handling (new guidance out)</p> <p>Decision Making structures (Cabinet plus and committee structure changes, Newhan, BCP, Wirral Councils)</p> <p>Devolution in Somerset (The LGA has produced a Communications Toolkit for Devolution)</p> <p>Lessons Learned from Croydon and Nottingham reports</p> <p>Members Code of Conduct (changes are being proposed by the LGA)</p> <p>Use of covid restrictions to reject petitions from the public (e.g. Croydon Council)</p> <p>Workplace culture - officer and member relationships</p> <p>Election Delivery</p> <p>Oversight of Counter Fraud Arrangements</p>
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## Work Plan - Update

3	Sustaining Care	<p>Housing the vulnerable, Homelessness, Care Homes, Covid challenges, performance measurement, safeguarding, statutory compliance including Care Act, supported housing, personalised employment schemes,</p>	<p>Suggestions:</p> <ul style="list-style-type: none"> <li>- homelessness- including B&amp;Bs, eligibility, six-week rule, income and debt collection, budget / cost,</li> <li>-Housing tenancy, home swaps, homes in multiple occupation,</li> <li>- Private sector leasing arrangements,</li> <li>-Homelessness prevention strategies (Especially for furloughed families)</li> <li>- Monitoring of social care placements, including the information and assistance provided to clients.</li> <li>- Audits of deferred payments (for where clients receive home care and defer the costs against their homes)</li> </ul> <p>Quality of care audits covering:</p> <ul style="list-style-type: none"> <li>- Residential care home audits</li> <li>- Personal home care (or Domiciliary Care) audits</li> <li>- Contract monitoring etc.</li> <li>- Review of different local health services</li> </ul> <p>Impact and outcome of the Everyone In scheme on homelessness service delivery</p> <p>Personalised employment support schemes to prevent homelessness</p> <p>Use and lessons learned from Community Support Hubs over the pandemic</p> <p>Supported Housing statements of expectations (MHCLG non statutory guidance on what good looks like)</p> <p>Homelessness service capacity and the expected rise in demand due to Brexit</p> <p>Government funding for homelessness services (274 councils have received support)</p> <p>Care Act duty to help people maintain habitable homes (Hertfordshire council asked to review practices by Ombudsman)</p>
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## Work Plan - Update

		<p>Adults Care - caseloads, workforce, communications, call management, Inform management, partnerships, multiagency working, assess, emts, reporting, statutory compliance, domestic abuse, Deprivation of Liberty, social care action plan implementation, End of life care</p>	<p><i>Adult social care caseload management, Adult social care workforce planning</i>  <i>Communication and awareness activities;</i>  <i>Call management;</i>  <i>Information recording and security;</i>  <i>Partnership working</i>  <i>Referrals to Multi-Agency Risk Assessment Conferences</i>  <i>Reporting</i>  <i>The Safeguarding Adult Boards</i>  Statutory Compliance  Domestic Abuse - New duties  Deprivation of Liberty Safeguards  <i>Implementation of the Social Care action plan and Care Home action plan</i>  <i>End of Life Care guide sets out local councils roles</i></p>
		<p>Childrens Care - safeguarding assessments, caseloads and referrals, placements, looked after children service demand, foster care, after school clubs</p>	<p><i>Child safety, with a focus on social care case assessments, Children's social care caseload management,</i>  Changes to guidance and relaxation of regulations as a result of covid (e.g. Adoption) and the transition period after 31 Dec  Quality of residential placements v declining funding  Increasing demand and complexity of Looked after Children services  <i>Recruitment of foster carers and the use of Foster Care Agencies</i>  Financial Viability of After School Care Provision</p>

## Work Plan - Update

4	Financial Resilience	Covid funds, spending review, funding gaps, commercialisation and commercial vehicles, Redmond Review, DEFRA Waste consultation, financial crime, Budgets and forecasting, income reduction, impact of Brexit	<p><i>Annual investment Strategy,</i>  <i>Investment projects,</i>  <i>Savings plans,</i>  <i>Commercialisation,</i>  <i>Medium term financial planning and strategy,</i>  <i>Budget monitoring</i> (in particular Adult &amp; Children's social care budget management, but also business rates, council tax and recycling/ waste management and the impact of the 1 year spendig review. Some councils also budgeting for transport support and environmental repairs following storm damage.  <i>Specific audits on the local authority's debt enforcement practices and use of enforcement agents should be considered, not only to assess the effectiveness of these but also to assess the compliance of these with the common key features of good debt management practice and how good the liaison with other Council services, such as social services, is. In addition, any audits of the Councils income generating activities, such as council tax, parking income, etc. should also include areas within the scope looking at debt enforcement practices and the use of enforcement agents</i>  <i>The recording and reclaim of homelessness expenditure from the Government.</i>  <i>Treasury investment and debt portfolios and compliance with prudential code,</i>  <i>The setup and governance of commercial vehicles, Management and monitoring of commercial vehicles,</i>  <i>Commercial Investment strategy (Audit General for Wales has published guidance)</i>  <i>Commercial property approval and acquisition (MHCLG requirements, NAO report and Croydon learning points)</i>  <i>Approval and scrutiny of transactions with commercial vehicles,</i>  <i>The management of commercial properties (investments in capital projects the council cannot afford to maintain going forward)</i>  <i>Specific audits of the individual discretionary services still operated should be considered, with a higher focus on any that handle cash income. These may take the form of either probity audits (with a focus on key activities, such as cash income handling) or system risk audits.</i>  <i>Themed audits, across a number of discretionary services, (focussing on cash handing, discretionary staff payments (i.e. overtime and petty cash), etc.)</i>  Reserves  Business Rates decline in income including the appeals process  Covid Funding arrangements  Brexit - interest rate changes and EU grant fund arrangements</p>
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## Work Plan - Update

5	Health Safety and Wellbeing	Covid homeworking and opening of public spaces and offices, Grenfell Cladding reviews, Housing maintenance	<p><i>Either a full audit on homeworking practices, or more focused audits on the individual elements of homeworking should be considered, which may include:</i></p> <ul style="list-style-type: none"> <li>- <i>Staff wellbeing</i></li> <li>- <i>Supervision and guidance</i></li> <li>- <i>Home workplace assessments</i></li> </ul> <p><i>An internal audit of the local authority's compliance with the 'Working safely during coronavirus' protocols - esp social care where face to face meetings needed.</i></p> <p>Cladding review - does the council know if it has any cladding issues on its properties? (Housing Legislation compliance)</p> <p>Public Space Guidance from the MCHLG and guidance for the safe opening of community facilities is available</p> <p>Redeployment and risk assessment of areas where officers are pulled away from services as a result of the pandemic</p>
6	Sustaining Educational Delivery	Supporting the economy, COVID-19, asset management, budgets, transport, quality, SEND	<p><i>An audit of the local authority's approach to processing requests for EHC plans should be considered, which should include a specific focus on the problem areas cited by the ombudsman, namely:</i></p> <ul style="list-style-type: none"> <li>- <i>Time targets, both for new requests and annual reviews,</i></li> <li>- <i>Forward planning and anticipation of needs,</i></li> <li>- <i>Communications and meetings, and</i></li> <li>- <i>Partnership working.</i></li> </ul> <p><i>In addition, an audit of the exclusion processes should also be considered, to confirm that appropriate guidance and training is provided to schools and also that appropriate monitoring occurs centrally, (all schools are required to report exclusions to the local authority in a timely manner) to detect and react to exclusions in breach of the Equality Act 2010.</i></p> <p>send Complaints and Appeals</p> <p>School funding and budgets</p> <p>School transport</p> <p>School governance and decision making</p> <p>Improvements to school buildings</p> <p>Covid Arrangements</p> <p>Supporting the local economy through local education initiatives</p> <p>Osted follow ups and quality review</p>

## Work Plan - Update

7	Contracts, Procurement & Partnerships	Social Value, insourcing, Modern Slavery, supplier resilience quality, procurement, nth party risk, feasibility reviews take into account rising costs	<p><i>Arrangements for the failure of a major Care home local provider or loss of capacity</i>  <i>Children's social care residential contract management,</i>  <i>Third party risk</i>  <i>Modern Slavery Act compliance</i>  <i>Data Sharing Agreements (in compliance with the Data Protection Act 2018)</i>  <i>Full understanding of all costs and risks associated with in-sourcing</i>  Rising contract costs and feasibility studies/ Commissioning  Supplier Resilience checks (use of 3rd party assurance, checks, spreading reliance on key suppliers etc) - particularly for Adult care suppliers. Has preference to use local smaller suppliers created resilience risk?  Changes to Procurement arrangements due to Brexit (1 Jan) - updated needed to CSO?  Drivers for insourcing  Outsourced contract risk  Partnerships  Quality management (contract management)  Social Value</p>
8	Workforce	Covid, recruitment and retention, exit payments, talent management, workforce planning, training, sickness, IR35, new ways of working	<p><i>Children's and Adults social care workers recruitment and retention (and more widely)</i>  <i>Change control</i>  <i>Sickness monitoring;- Recruitment and retention;</i>  <i>Staff training;</i>  <i>Organisational culture, and</i>  <i>Workforce planning and succession planning</i>  Off payroll engagement - IR35  Brexit staffing changes  Exit Payments  New ways of working</p>

## Work Plan - Update

9	Information Management and Security	Accessibility, cyber security, corporate knowledge/ business continuity, information governance, digitalisation, technology, corporate communication, GDPR, Algorithms. Mobile devices	<p><i>Data storage arrangements, both electronic and physical, Confidentiality, integrity and availability of data, Information governance, Roles and responsibilities including those where relationships with third parties exist, Compliance with the Data Protection and Freedom of Information Acts, GDPR How data breaches are detected, how these are dealt with and reported internally and externally, Organisational awareness and training, and -Data classification and management.</i></p> <p><i>Although a specific audit of digital transformation may be considered, it is more likely that aspects or different projects within the overall change may be considered. When conducting these audits the key challenges should be considered.</i></p> <p><i>Individual audits may also be considered of any of the emerging technologies, each of which has their own risks (Natural Language Processing, Bitcoin, Internet of Things, Algorithms)</i></p> <p><i>Use of mobile device</i></p> <p><i>Cyber Attack</i></p>
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## Work Plan - Update

10	Strategic Asset Management	land and property investments, maintaining H&S of assets	<p><i>There is a need, where Councils invest in temporary accommodation, to review the process to purchase the properties, as well as how they subsequently manage these properties and ensure that all relevant health and safety and other legislation is complied with.</i></p> <p>Land and Properties requirements in a post covid world</p> <p><i>There are a number of tools / checklists that can be used to assess the organisation's preparedness for Cyber Security, including:</i></p> <ul style="list-style-type: none"> <li>• <i>The 'Ten Steps to Cyber Security' (or cyber essentials) published by GCHQ, which includes the following areas: information risk management regime; secure configuration; network security; managing user privileges; user education and awareness; incident management; malware prevention; monitoring; removable media controls; and home and mobile working.</i></li> <li>• <i>The Code of Connection, which is a mandatory set of requirements that must be demonstrated before local authorities can obtain access to the PSN or the Health and Social Care network.</i></li> <li>• <i>Participation in forums and working groups, such as the Warning, Advice and Reporting Points (WARPs), Information Sharing Partnership (CISP) and Local Resilience Forums (LRFs).</i></li> </ul> <p><i>Specific audits of: network infrastructure security (including intrusion detection service and intrusion prevention service); firewall security; remote access portals / virtual private networks; operating system reviews; web security; internet and email security; anti-virus and malware; penetration testing; public services network; and incident management may be considered. Furthermore, thematic reviews of password security across all key systems could be undertaken to gain assurance on the levels of access control; and gap analysis reviews could be undertaken against the government's Cyber Essentials initiative.</i></p>
11	Long and Short term projects (including Emergency planning)	Brexit, Emergency Planning, Project Failure, transformation	<p>Project Management</p> <p>Emergency Planning and Business Continuity Planning</p> <p>Impact of COVID-19 on existing projects already underway</p> <p>Readiness for Change/ service sensitivity and capacity</p>

## Work Plan - Update

### APPENDIX B – Agreed Plan by EMT in March 2020

Rank	Assignment	Service Area	Original Indicative Quarter	Notes / Current Status
1	Impact Assessments	Trans & Comms	Q4	In progress
2	Performance Management	Trans & Comms	Q1	Deferred
3	School Budget Deficit- Support and Enforcement	Schools	Q1	Deferred by Client- On Hold
4	Direct payments	Adult and Children	Q1	Deferred by Client- On hold
5	Creditors	Finance	Q1	In progress
6	Payroll	Finance	Q2	Complete
7	Purchase Cards	Finance	Q1	Complete
8	Rent	Housing & Community	Q2	Deferred
9	Digital transformation or Cyber Security	Digital	Q4	Planned Q4
10	HOWPS	Partnership	Q2	Deferred
11	Climate Change/ Sustainability	Cross Cutting	Q4	Deferred
12	Cyber security	Digital	Q1	On Hold Planned Q4
13	Y Gaer	Housing & Community	Q1	In Progress
14	Effectiveness of Scrutiny Process	Legal & Democratic	Q2	Joint Review- Cancelled

## Work Plan - Update

15	Ordering	Finance	Q4	Deferred
16	Fin Reg- Compliance (cipfa assess)	Finance	Q3	Deferred
17	Schools Governance - Themed Review	Schools	Q4	Q4 Planned
23	Those Charged with Governance	Finance	Q2	Complete
24	Council Tax System	Finance	Q3	Q4 Planned
25	School Collaboration - Themed Review	Schools	Q1	Deferred
26	Risk Assessment	Digital	Q2	Complete
27	Corp Parenting -Missing Children Process	Childrens	Q2	Deferred
28	Continuing Health Care	Adult and Children	Q4	Deferred
29	Payments to Providers- Soc Care	Adult	Q2	Deferred
30	Technology enabled care-cost avoidance	Adult	Q2	Deferred
31	Statutory Compliance - Housing	Housing & Community	Q4	Planned Q4
32	Statutory Compliance- Property	Prop, Plan & PP	Q3	Deferred
33	Decision Panel	Adult and Children	Q3	Deferred
35	Housing Void rental properties	Housing & Community	Q2	Complete
36	Newtown High School	Schools	Q2	Deferred
37	Ysgol Calon Cymru	Schools	Q3	In Progress
38	Gwernyfed High School	Schools	Q4	Deferred

## Work Plan - Update

39	Third party Top Up - Charging and Financial enforcements	Adults	Q2	Deferred
40	Primary Schools x 10	Schools	All	
42	Grant Certification	Schools	All	Work in Progress
43	Grant Certification	Housing & Community	Q2	Complete
44	Grant Certification	Prop, Plan & PP	Q1	Complete
45	Follow up Audits	Corporate	All	In Progress
46	Early Help- Corporate parenting	Children	Q3	Deferred
47	GDPR	Digital	Q1	Draft- Awaiting Client Response
49	Agile Decision Making	Cross Cutting	Q2	Deferred
50	WCCiS Records and Information	Adults and Children	Q3	Deferred
51	Mental capacity Act or Safeguarding	Children and Adult	Q4	In Progress
52	Culture and Ethics Audit	Cross cutting	Q3	Deferred
53	H&S Management Training	HR	Q4	Deleted at Client request
54	No purchase No pay - Continuous Audits (using data analytics)	Finance	All	Complete
55	Contractor Checks	High, Trans & Waste	Q4	Deleted by Client
56	National Fraud Initiative Co-ordinator	Finance	Q2	In Progress
57	WCCIS Contract Management	Adult and Children	Q2	On Hold -Covid -19

## Work Plan - Update

58	Changes to winter maintenance	High, Trans & Waste	Q3	Deleted by Client
Add	Children Services- Budget Management	Social Care	Q1	Partially complete – Restart Q3
Add	Business Grant Administration	Finance	Q2	Work in Progress
Add	Supplier Relief	Finance	Q2	Complete
Add	LA Covid Support Grant	Finance	Q2	Complete
Add	Enable Grant	Finance	Q2	Complete
Add	Supporting the Finance Function	Finance	Q2	Complete
Add	Risk Management Appetite Support	Finance	Q2	Complete
Add	Transport Grants	HTR	Q3	Complete
Add	Fraud Risk Assessment	Finance	Q4	Q4
Add	GDPR – digital Information	ICT	Q4	Proposed Q4
Add	Welshpool High- Follow up	Schools	Q4	In Progress
Add	Brecon High – Follow up	Scxhools	Q4	Proposed Q4
B/F	ICT Strategy	ICT	Q2	Complete
B/F	Conflict of Interest	Legal	Q2	Complete
B/F	Employee Development	HR	Q2	Complete
B/F	Brecon High School	Schools	Q2	Complete
B/F	Software Licensing - Follow up	ICT	Q1	Complete

## Work Plan - Update

<b>B/F</b>	<b>School Theme -Procurement</b>	<b>Schools</b>	<b>Q1</b>	<b>Draft- Awaiting Client Response</b>
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## Appendix C – Adverse Opinion Reports

### Risk Management

#### Executive Summary

Audit Opinion		Recommendation Summary	
 <p>In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>	Priority	Number	
	Priority 1	2	
	Priority 2	3	
	Priority 3	3	
	<b>Total</b>	<b>8</b>	

#### Audit Conclusion

Risk Management identifies potential problems before they occur so that risk-handling activities may be planned and invoked to mitigate adverse impacts on the achievement of business objectives. An effective risk management system is vital to ensure the successful delivery of the Authority's corporate priorities and the delivery of an efficient and effective public service for the citizens of Powys.

In general, the policy approved by the Council for risk management is fit for purpose. The system (JCAD) used to deliver the policy is also fit for purpose, but it is not fully embedded across the authority and the potential functionality may not be fully utilised.

Risk identification, which is mostly through service driven management teams, could not be assessed during this review because of the onset of coronavirus.

A risk appetite statement has been included within the Risk Management Framework; however, this statement does not make the risk appetite limits clear for the Council. In addition, the risk register does not contain service specific appetites. Setting a risk appetite will allow the Council to make simple and transparent decisions to maintain the correct balance between uncontrolled innovation and excessive caution.

The Council has a Strategic Risk Register that is reported to the Council's Management Team, Cabinet and the Audit Committee. In addition, the Council maintains Service Risk Registers for the purpose of controlling operational risks. There were areas of good practice found, but also a significant variation in the legitimacy and quality of the risk recorded. In addition, there were errors on the scoring of the risk, control and tolerance information.

The mitigating actions in the risk register i.e. the risk reducing measures, do not show whether they are in place, in progress or are completed. In addition, it is difficult to understand the impact of that mitigation, i.e. how the inherent risk score is reduced by the delivery of the action, as it is not particularly visible or transparent.

A report run from the JCAD system displayed that none of the actions plans entered into the system had been started. Auditors acknowledge that it is possible that these reviews could have taken place offline, however according to the Risk Management Framework, they should be recorded within the corporate system. If the reviews are not taking place, it is hard to determine if the controls listed in the system are still relevant or have been delivered.

In some cases, the residual risk remains the same even though control measures have been identified. Overall, it appears that many of the mitigating actions to (treat, tolerate, transfer and terminate) are somewhat unstructured and do not quantifying the actual impact they will have on the overall risk.

An effective risk management framework should have two levels of challenge. Firstly, the challenge and moderation of the risks by the Services through the risk manager, and management teams to ensure that the risks are valid, the appetite is quantified, and the mitigating actions are SMART. This in reality is a quality control process before the risk reports are circulated to Senior Management and the cabinet who are responsible for the oversight and monitoring. The Audit Committee are there to provide the necessary challenge and scrutiny and call the Council to account where the risk management framework is failing. The review identified that there were issues with the register that had not been picked up by the internal quality control process. This view was also supported by the Audit Committee.

There has been slow progress in implementing a training programme that was raised in the previous audit. The Risk Champions, which were originally written into the Framework in 2018, have only just been introduced into the Authority's processes. Some training has been undertaken for the JCAD system by senior members of staff, however only the Risk champions, and Risk Officer have undertaken training on the Fundamentals of Risk Management. The Authority needs to provide more risk management learning opportunities to its staff and to Members.

Risk Management Maturity

The Risk Management Assessment Framework is a tool that is used for assessing the standards of risk management within an organisation. The assessment is based on the five levels of maturity and uses seven key questions to measure this, see appendix A for details. Since the previous audit, no target has been set by the Authority. The Authority should choose a level to aim towards, as this will help to provide a goal for management to aim towards when embedding risk management processes within the Authority. The most effective risk management strategies would be aiming to achieve levels 4 and 5, however targets should be realistic. The present levels as deemed by Internal audit are detailed below:

Criteria (Level)	Assessment Rating				
	Awareness & Understanding	Implementation planned	Implementation	Imbedding & Improving	Excellent Capability
	(1)	(2)	(3)	(4) Target	(5)
Leadership					
Risk Strategy					
People					
Partnership					
Process					
Risk Handling					
Outcomes					